

EXHIBIT 2



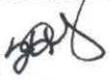
U.S. Department of Justice
Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

August 18, 2016

MEMORANDUM FOR THE ACTING DIRECTOR
FEDERAL BUREAU OF PRISONS

FROM: Sally Q. Yates 
Deputy Attorney General

SUBJECT: Reducing our Use of Private Prisons

Between 1980 and 2013, the federal prison population increased by almost 800 percent, often at a far faster rate than the Federal Bureau of Prisons could accommodate. In an effort to manage the rising prison population, about a decade ago, the Bureau began contracting with privately operated correctional institutions to confine some federal inmates. By 2013, as both the federal prison population and the proportion of federal prisoners in private facilities reached their peak, the Bureau was housing approximately 15 percent of its population, or nearly 30,000 inmates, in privately operated prisons.¹

Since then, for the first time in decades, the federal prison population has begun to decline, from nearly 220,000 inmates in 2013 to fewer than 195,000 inmates today. In part, this is due to several significant efforts to recalibrate federal sentencing policy, including the retroactive application of revised drug sentencing guidelines, new charging policies for low-level, non-violent drug offenders, and the Administration's ongoing clemency initiative. Now, three years since the Department of Justice announced its Smart on Crime initiative, our efforts to address the pressures facing the Bureau are seeing real and positive results.

Private prisons served an important role during a difficult period, but time has shown that they compare poorly to our own Bureau facilities. They simply do not provide the same level of correctional services, programs, and resources; they do not save substantially on costs; and as noted in a recent report by the Department's Office of Inspector General, they do not maintain the same level of safety and security. The rehabilitative services that the Bureau provides, such as educational programs and job training, have proved difficult to replicate and outsource—and these services are essential to reducing recidivism and improving public safety.

¹ As you know, the Bureau also maintains contracts with private companies to operate hundreds of community-based Residential Reentry Centers, or "halfway houses," across the country. These facilities provide short-term transitional housing and community-based reentry services such as employment assistance. The use of private companies to operate Residential Reentry Centers is not the focus of this memorandum.

For all these reasons, I am eager to enlist your help in beginning the process of reducing—and ultimately ending—our use of privately operated prisons. As you know, all of the Bureau's existing contracts with private prison companies are term-limited and subject to renewal or termination. I am directing that, as each contract reaches the end of its term, the Bureau should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the Bureau's inmate population.

I am aware that the Bureau is already taking steps in this direction. Three weeks ago, the Bureau declined to renew a contract for approximately 1,200 beds. Today, concurrent with the release of this memo, the Bureau is amending an existing contract solicitation to reduce an upcoming contract award from a maximum of 10,800 beds to a maximum of 3,600. Taken together, these actions will allow the Bureau to end the housing of inmates at three or more private contract facilities over the next year, and will reduce the total private prison population to less than 14,200 inmates by May 1, 2017—a greater than 50 percent decrease since 2013.

These steps would be neither possible nor desirable without the Bureau's superb and consistent work at our own facilities. I am grateful for the tremendous and often unheralded work done by Bureau staff. When a higher proportion of America's prison population benefits from those efforts, we will improve outcomes for them, for law enforcement, and for the wider community we serve. As a career prosecutor and fellow law enforcement professional, I thank you and your staff for your extraordinary service to this nation.

CC: Lee Lofthus, Assistant Attorney General for Administration

PHASING OUT OUR USE OF PRIVATE PRISONS

August 18, 2016

Courtesy of Deputy Attorney General Sally Q. Yates

When most people think of the Justice Department, they are likely to imagine the most visible parts of our job – the law enforcement agents who investigate crimes or the lawyers who prosecute them. But the department's core responsibilities go beyond investigation and prosecution. Unlike most states, the federal government puts its law enforcement agents, criminal prosecutors, and correctional officers all in a single department. We handle every step from the start of an investigation to the end of a prison sentence. Our work to house and rehabilitate individuals incarcerated in the Federal Bureau of Prisons is an important part of our responsibility and operations, accounting for 25 percent of the department's budget every year.

The federal prison population increased by almost 800 percent between 1980 and 2013, often at a far faster rate than the Bureau of Prisons could accommodate in their own facilities. In an effort to manage the rising prison population, about a decade ago, the bureau began contracting with privately operated correctional institutions to confine some federal inmates. By 2013, as both the federal prison population and the proportion of federal prisoners in private facilities reached their peak, the bureau was housing approximately 15 percent of its population, or nearly 30,000 inmates, in privately operated prisons.

2013 was also the year that the Department of Justice launched its Smart on Crime Initiative after identifying reforms that would ensure more proportional sentences and effective use of federal resources.

Today, in part as a result of that initiative, we are experiencing declining numbers in our prison population. We now have approximately 195,000 inmates in bureau or private contract facilities down from a high in 2013 of approximately 220,000. This decline in the prison population means that we can better allocate our resources to ensure that inmates are in the safest facilities and receiving the best rehabilitative services – services that increase their chances of becoming contributing members of their communities when they return from prison.

Today, I sent a memo to the Acting Director of the Bureau of Prisons directing that, as each private prison contract reaches the end of its term, the bureau should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the bureau's inmate population. This is the first step in the process of reducing—and ultimately ending—our use of privately operated prisons. While an unexpected need may arise in the future, the goal of the Justice Department is to ensure consistency in safety, security and rehabilitation services by operating its own prison facilities.

Today's memo reflects important steps that the bureau has already taken to reduce our reliance on private prisons, including a decision three weeks ago to end a private prison contract for approximately 1,200 beds. Taken together, these steps will reduce the private prison population by more than half from its peak in 2013 and puts the Department of Justice on a path to ensure that all federal inmates are ultimately housed at bureau facilities.

Attachments:

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